

Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 FEA-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1845

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY ODHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY PARIS

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TAGS: EALR, EFIN, EINV, ENRG, KU

SUBJECT: ATEEQI COMMENTS ON INVESTMENT AND OTHER POLICIES

REF: (A) KUWAIT 5428 (B) KUWAIT 5450

SUMMARY: MINISTER FINANCE AND OIL ATEEQI IN RECENT NEWSPAPER

INTERVIEW DEFENDED GOK INVESTMENTS IN UK AND US AS SENSIBLE AND

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SAFE. HE ALSO SAID KUWAIT COULD NOT LOWER OIL PRODUCTION TO

POINT WHERE OTHER COUNTRIES WOULD BE HARMED. ATEEQI NOTED THAT FOR WEALTHY ARAB STATES TO INVEST IN ARAB WORLD, APPROPRIATE INVESTMENT CLIMATE AND OTHER ELEMENTS WOULD HAVE TO BE PRESENT. ATEEQI'S VIEWS HAVE BEEN CHALLENGED BY OTHERS IN PRESS AND NATIONAL ASSEMBLY WHO ARE CALLING FOR MORE NATIONALISTIC OIL AND INVESTMENT POLICIES. NEWSPAPER ARTICLE WAS LATEST IN RECENT SPATE ATEEQI STATEMENTS ON POLICY ISSUES WHICH HAVE BEEN NOTEWORTHY FOR THEIR MODERATION. END SUMMARY.

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1. KUWAIT MINISTER FINANCE AND OIL ATEEQI SPOKE AGAIN RECENTLY ON IMPORTANT POLICY ISSUES. HIS VIEWS ON KUWAITI FOREIGN INVESTMENT POLICY APPEARED IN DECEMBER 27 ISSUE OF LEADING LOCAL DAILY RAI AL-AM. DISCUSSING INVESTMENTS IN WEST ATEEQI DISPUTED THAT ARAB CAPITAL INVESTED IN FOREIGN COUNTRIES WOULD BE FROZEN OR SEIZED IF WESTERN INTERESTS IN ARAB WORLD WERE NATIONALIZED. HE CITED FACT THAT BRITISH HAD NOT TAKEN SUCH STEPS WHEN LIBYA AND IRAQ NATIONALIZED BRITISH INTERESTS IN THEIR TERRITORIES. ATEEQI REFERRED TO DISINCENTIVES OR OTHER PROBLEMS ASSOCIATED WITH INVESTING IN SWITZERLAND, FRANCE AND GERMANY, AND HE SAID US AND UK WERE THEREFORE FOREMOST FINANCIAL MARKETS.

2. ON QUESTION OF INVESTING IN ARAB LANDS, ATEEQI SAID INVESTMENT OF ARAB CAPITAL DID NOT REQUIRE POLITICAL SPEECHES OR PROPAGANDA. IT ONLY REQUIRED LOGICAL DIALOGUES. HE STRESSED NEED FOR APPROPRIATE INVESTMENT CLIMATE. HE SAID ONE COULD NOT COOPERATE WITH COUNTRIES IN WHICH BANKS WERE EITHER NATIONALIZED OR INCAPABLE OF COPING WITH FINANCIAL BURDENS. HE WENT ON TO NOTE NEED FOR GOOD TELE-COMMUNICATIONS, FREEDOM OF CAPITAL MOVEMENT AND SELECTION OF GOOD PROJECTS.

3. ON OIL PRODUCTION ATEEQI SAID THAT KUWAIT OBLIGATED TO PRODUCE ENOUGH TO COVER GENERAL BUDGET COMMITMENTS WHICH HE SAID WOULD BE KD 1 BILLION (KD1 - \$3.38) NEXT YEAR. THIS WOULD BE ABOUT 1 MILLION BARRELS PER DAY BUT KUWAIT COULD NOT STOP OIL PRODUCTION OR WITHOLD ITS OIL FROM OTHERS THUS PUSHING WORLD TOWARD ABYSS OF DESTRUCTION. IF KUWAIT WISHED TO REDUCE OIL PRODUCTION SHE HAD TO DO SO IN A WAY WHICH WOULD NOT HARM OTHER COUNTRIES.

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4. SHORTLY FOLLOWING ATEEQI INTERVIEW IN RAI AL-AM, SECOND LEADING DAILY, AL-SIYASSA PUBLISHED ARTICLE WHICH IN EFFECT ATTEMPTED REBUT WHOLE APPROACH SUGGESTED BY ATEEQI. SIYASSA ARTICLE EXPRESSED DESIRE TO SEE PRODUCTION LIMITED TO 1 MILLION BPD, NO FURTHER INVESTMENT OF OIL REVENUES IN US OR UK, GREATER GOK CONTROL OVER ACTUAL ADMINISTRATION OF OIL OPERATIONS AND 100 PERCENT OWNERSHIP OF OIL COMPANIES.

5. COMMENT: ATEEQI'S REMARKS IN THE RAI AL-AM ARTICLE WERE THE THIRD PUBLIC STATEMENTS HE MADE ON IMPORTANT POLICY MATTERS IN DECEMBER, AND IN EACH HE EXPRESSED A MODERATE POSITION. SIMILARLY, IN A RECENT, INFORMAL MEETING WITH ME HE WENT OUT OF HIS WAY--IN FRONT OF OTHERS--TO STATE THAT THE GOK THOUGHT HIGHLY OF PRESIDENT FORD'S 'ID AL-ADHA MESSAGE TO PRESIDENT ASSAD. HE ALSO SAID HE HOPED CENTRISTS AND MODERATES COULD WITHSTAND PRESSURES OF EXTREMEISTS ON IMPORTANT CURRENT ISSUES.

6. SIYASSA ARTICLE REPRESENTS VIEWS OF MANY INDIVIDUALS HERE, HOWEVER, INCLUDING THOSE IN PARLIAMENT AND PRESS. WE THINK ATEEQI'S STATEMENT ON OIL AND FINANCIAL QUESTIONS DO REPRESENT GOK POLICY AND, WE THINK, AT HIGHEST LEVELS IN GOK THERE IS NOW MORE CONCERN OVER REPERCUSSIONS ELSEWHERE OF RASH ACTIONS OF OPEC MEMBERS. THAT DOES NOT MEAN GOK READY TO BREAK AWAY ON OIL PRICE CONSENSUS WITHIN OPEC OR THAT KUWAIT WILL SUBSTANTIALLY INCREASE PRODUCTION, BUT A NEW DEGREE OF RESPONSIBILITY SEEMS TO HAVE DEVELOPED WITHIN GOK. AT SAME TIME GOK WILL FACE CONTINUED PRESSURE FROM WITHIN KUWAIT TO CHANGE ITS POLICIES. THUS GOK FINDING ITSELF BETWEEN WHAT MAY BE DESCRIBED AS NATIONALISTS OF KUWAIT-FIRSTERS AND WIDER DEMANDS OF INTERNATIONAL COMMUNITY.

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